ROBECO
The Investment Engineers

FIXED INCOME GLOBAL MACRO OUTLOOK

Made in the USA

- Growth, geopolitics, stock returns, and risk-on euphoria – it's all about the USA
- US vs. Europe growth gap seen to narrow, while the inflation gap could remain in place
- Aiming to add shorter-maturity credit

In our Q4 2024 outlook 'Season finale' we highlighted that the stage was set for a thrilling end to 2024. And a thrilling end it has been.

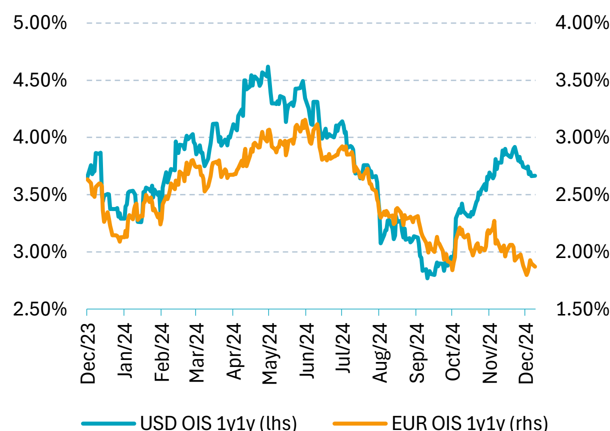
The US elections turned out to be a 'clean sweep', with Trump winning the presidential election and the Republican party gaining a majority in both chambers of Congress. What is more, in just two months, US recession fears and concerns about the Fed being behind the curve have diminished.

Markets have fully embraced a soft-landing scenario, with the US economy slowing but maintaining forward momentum, assisted by lower rates. On tariffs, the world is holding its breath, as they could be announced soon after Trump's inauguration. Even though actual implementation may not happen before the second half of next year, tariffs (or the threat thereof) are likely causing economic uncertainty, adversely impacting growth. In addition, tariffs are inflationary for those who raise them, hence for the US. While the growth gap between the US and Europe could narrow, we expect the inflation gap to remain in place.

In Europe, Germany is facing early elections in February 2025, and France's government has collapsed after just 90 days in office. France remains in the doldrums as is also visible in a steep decline in business confidence post the Olympic Games. Notably GDP growth in the southern European countries is much stronger than in the north. Debt/GDP ratios are on a downward trajectory and Spanish and Portuguese yields are now well below those of France across the curve. Even Greek yields are now trading below French yields for maturities up to seven years. The prospects of peripheral markets are also supported by EU-level discussions on increased joint issuance to finance investments and joint defense spending.

Policy paths in Europe and the US have diverged recently (see Figure 1). While the two markets moved up and down in sync for most of the past 12 months, the divergence started in November after Trump won the elections. Rate-cut expectations are receding in the US, while advancing in Europe. We expect this rate gap to remain in place.

Figure 1 – 1-year OIS rate in 1-year's time for USD and EUR



We expect the ECB to continue cutting rates in steps of 25 bps per meeting next year toward 1.50-1.75%. Uncertainty around the outcome of the intended policies of the new

OUTLOOK DECEMBER 2024

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Global Macro Team

Trump administration is likely to prompt the Fed to a slower pace of easing in H1 2025. However, our central Fed funds rate forecast remains below the 3.50-3.75% that is priced by markets.

Our strategies remain biased toward overweight duration positions, but we continue to favor bonds from countries where central banks are lagging in the cycle, notably the UK, Norway and Australia, over markets that have already rallied considerably (i.e. Canada and Sweden). The exception remains Japan.

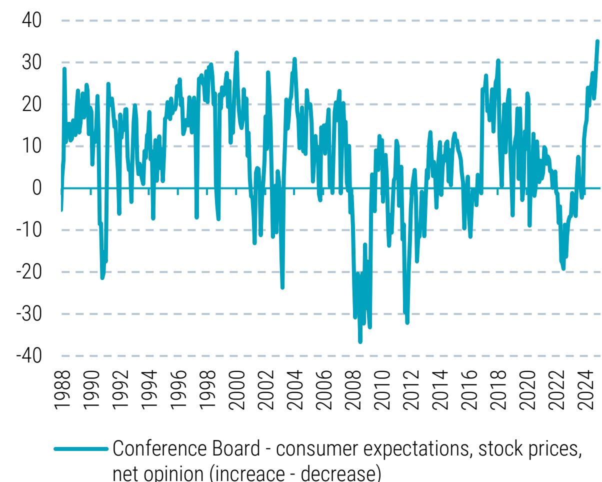
Recently we increased the underweight in JGBs as we expect the BoJ to remain on course for further gradual tightening. Portfolios continue to have a bias toward a steeper curve in several regions including the US and Europe, in anticipation of further rate cuts. Strategies also maintain an underweight in France, preferring Spanish paper, reflecting their divergent rating trajectories.

Regarding credit, we observe that some caution is warranted as markets appear to be entering a late-cycle phase. Sentiment has been decisively risk-on since summer. Persistent low spreads and minimal spread volatility highlight the market's confidence in the strength of the US economy, as evidenced by USD spreads being lower than their Euro counterparts.

We also note that consumer expectations for stock price increases over the next 12 months have reached all-time highs. In other words, respondents are projecting the past 12 months' returns into the future, as shown in Figure 2, which may indicate euphoric over-confidence. Therefore, we believe it remains sensible to be overweight Euro relative to USD credit in portfolios where possible. Overall, we maintain a neutral view on investment grade credit and prefer more defensive sectors such as SSAs and covered bonds. We plan to add shorter-maturity credit in the upcoming quarter, provided spreads remain within their current range. This strategy aims to benefit from a more attractive carry profile while we wait for valuations to improve.

Emerging markets present a mixed outlook. In the CEE region (Czechia, Hungary, and Poland), there is potential for further easing. In Latin America, Brazil is grappling with a negative feedback loop between higher interest rates and fiscal spending. Meanwhile, in Mexico, declining oil prices, judicial uncertainty and tensions with its northern neighbor have dampened growth prospects. Such factors have made these previously favored markets less attractive from a duration perspective, for the time being. Lastly, in China, where the central bank continues to face risks of inflation undershooting, a further reduction in the key policy rate to new historic lows is anticipated for 2025.

Figure 1 – Conference Board - consumer expectations of higher minus lower stock prices in the next 12 months



Source: Conference Board, Bloomberg, December 2024

Macroeconomic and policy outlook

- Global growth outlook made in the USA
- Inflation divergence across DM and EM markets
- The ECB to remain among the leading central banks in easing policy, the Fed and BoE are laggards – for now

Growth outlook: Exceptional times, but for how long?

The resilience of US economic growth is remarkable, especially in light of the ongoing weak growth backdrop in the two other key economic blocs, i.e. the EU and China.

The heavy lifting is still being done by consumer spending, especially by higher-income households – in the context of strongly increased household net wealth. Lower-income households have turned more cautious. A similar pattern can be observed in the corporate sector where smaller, private firms have struggled more in the face of higher borrowing costs than larger public companies.

Looking ahead, the expansionary fiscal plans of the new US government might well sustain the positive momentum in domestic demand. At the same time, however, immigration and tariff policies are likely to weigh on growth, more so if countries facing higher or new tariffs on exports to the US, were to retaliate. We note that even if tariff threats were not to materialize, uncertainty about trade policy could already hit US growth as the Fed staff argued in 2019.[1]

Growth in EM countries would also likely be affected, as in 2018/2019, when a slowdown in Chinese growth was in play. Regarding current Chinese growth momentum, we do see some signs of recovery in home sales – which points to a smaller drag from property in 2025. However, the mood among consumers remains cautious. More stimulus will be needed.

As for the Eurozone, overall GDP growth has remained subdued with sluggishness in Germany – and more recently France – only partially offset by more lively growth in smaller economies including Spain and Greece. Looking ahead, consumer spending growth could surprise positively if the household savings rate declines to less elevated levels and unemployment remains low. At the same time, political risks, and the above-mentioned trade tensions, are likely to weigh on consumer and business sentiment – and will keep a lid on any growth acceleration.

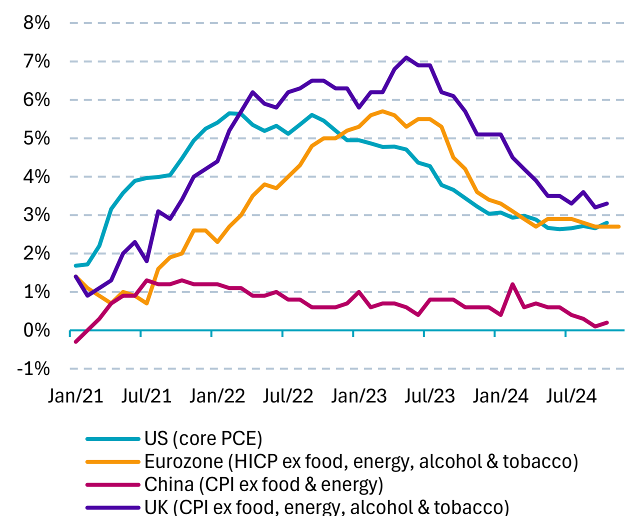
All-in-all, our best guess is that the wide growth gap between the US and the Eurozone and China will diminish in 2025.

Inflation outlook: Last mile divergences

While core inflation has continued to retreat across many developed markets, disinflation has paused in the US in recent months – underscoring that the last mile in bringing inflation back to the central bank's target may be the hardest.

However, wage growth pressures in the US *have* continued to cool, suggesting that over time, services inflation ex-housing should follow suit. At the same time, metrics of new tenant rents point to an ongoing slowdown in CPI-rental inflation in 2025. The key upside risk to US core inflation next year comes from the goods side. Specifically, tariff implementation could push up goods price inflation quite sharply. Thereotically, tariffs constitute a one-time price shock and need not lead to sustainably higher inflation. However, the risk of more enduring impact, for example due to a rise in inflation expectations, seems more pronounced this time round than in 2018/2019, also in light of the reflationary nature of the intended immigration and fiscal policies.

Figure 3 – Core inflation in selected markets (US, EZ, China, UK)



Source: Bloomberg, December 2024

In the Eurozone, the last mile problem seems to have become smaller. Actual wage growth remains high in some economies but forward-looking metrics based on recent wage deals and job postings keep pointing to slower Eurozone pay growth. In our view, tariffs imposed on exported Eurozone goods would likely reinforce talk of inflation potentially undershooting the ECB's 2% target in 2025 or 2026.

[1] The Fed - Does Trade Policy Uncertainty Affect Global Economic Activity?

Elsewhere in developed markets (DM), we find underlying inflation pressures still building in Japan and remaining sticky in the UK and Australia. Across emerging markets (EM), core disinflation momentum has stalled in some Latam and CEE economies, while remaining generally subdued across Asian economies – China in particular.

Monetary policy outlook: It's not that easy

Given the recent stall in disinflation and resilient growth, a much slower pace of monetary easing in 2025 has been priced for the Fed compared to three months ago. Indeed, markets seems to have centered on the idea of one 25 bps cut per quarter at best.

A complicating factor for the Fed is the reflationary nature of the intended and uncertain trade, immigration and fiscal policies of the new US government. Our central scenario agrees that these, combined with uncertainty over where exactly the 'neutral' policy rate is, will prompt a slower pace of easing in H1 2025. However, both our central and probability-weighted terminal Fed funds rate forecast remains below the 3.50-3.75% priced by markets – partly because we see more downside risks to the Fed's maximum-employment goal than markets do.

The ECB, meanwhile, looks intent on sticking to the meeting-by-meeting pace of 25 bps of easing, and we agree with markets that a below-neutral landing zone of 1.50-1.75% for the depo rate is likely by the end of Q3 2025.

Outside the above two regions, easing is most advanced or expected to go furthest (i.e. below 'neutral') in the DM markets where unemployment has noticeably risen (i.e. Sweden and Canada) or the currency is very strong (i.e. Switzerland). The BoE and especially the RBA are expected to remain in the camp of the laggards.

At the same time, the BoJ remains on a course of its own and is expected to deliver further, albeit gradual, tightening next year.

Finally, across EM, we do see scope for markets to price in more easing (or less tightening) in Poland, Hungary, Czechia and Brazil. Finally, in China where the central bank has continued to face inflation undershoot risks, a further reduction in the key policy rate (currently: 1.50%) to fresh historic lows, is on the cards in 2025.

Rates strategy

- Divergence in rates creates opportunities
- Gilts continue to look attractive
- Curves set to steepen

US Treasuries have repriced

A logical starting point for our view on rates globally, and US rates specifically, is our perspective on the Fed. The market pricing of the Fed funds rate as per the end of 2025 has been fluctuating. Since mid-September it has risen by circa 100 bps, which pushed up the yield of 5-year US Treasuries by 60 bps. That rise in yield did not take place in isolation. Current political and economic conditions call for a different Fed trajectory than was the case in September, as discussed in the previous section. Still, our probability-weighted expectation for the Fed funds rate per end 2025 is now below the market implied rate, which suggests that front-end Treasuries are starting to look more attractive from a valuation angle.

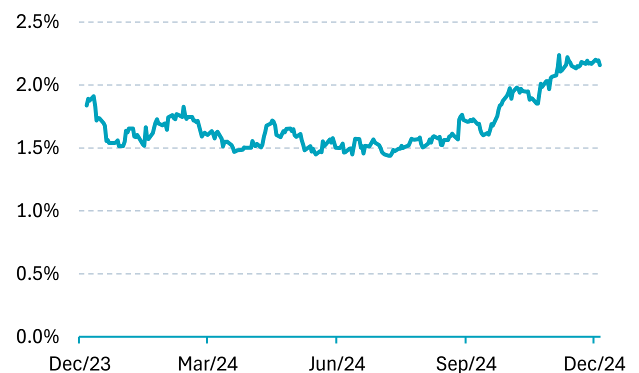
This is not necessarily the case for notes and bonds with a maturity beyond the 5-year point. For these longer maturities we observe that the term premium has remained low. The Fed's ACM model estimates this premium to be just 0.1%. The outlook for net issuance of US Treasuries suggests upward pressure on this premium and we are positioned for it to rise. So, while we are mildly constructive on US rates this is mainly the case for shorter maturities.

German Bunds and especially euro swaps witnessed a significant divergence from the US and were able to escape the rise in yields in the past months. This divergence results from a much different fundamental and fiscal outlook, but also from a more supportive technical. The latter was especially visible in the market for longer-dated euro swaps (see next section). Looking ahead the fundamental picture will probably not change much. We see little room for the ECB to deviate substantially from the path of 25 bps cuts per meeting. This path is fully priced until June and a bit beyond, which makes it difficult to be excited about the prospect for Bunds. Still, we think it is easier to imagine the ECB going below neutral (2%) than seeing them stop much above. This gives a positive risk tilt, as it reduces the odds of a longer-lasting sell-off in German Bunds. We have closed nearly all of our duration longs in this market, but the levels to trigger buying are not far away.

Most of our outright duration positions in G10 rates are currently placed outside the Eurozone and the US. For overweights we continue to favor British and Norwegian rates markets. Both markets have witnessed a significant spread widening versus German Bunds and euro swaps and look cheap from a valuation angle. Fundamentals, with central banks in these countries less prone to cut rates, explain some of the widening, but we expect this outlook to change and see value there. Recently Australia has been added to the list of preferred overweights. This market also sold off versus peers, making it more attractive from a valuation angle. The perspective for easing by the RBA is probably more modest than that of its peers, but little has been priced in so far.

For underweights we still prefer Japanese, Canadian and Swedish rates. Rates in Canada and Sweden look rich and we question whether central banks in these countries can cut rates by more than what is currently priced in. For Japan we expect continued gradual upward pressure on rates from a normalization of monetary policy.

Figure 4 – UK-Germany 5-year yield spread (%)



Source: Bloomberg, December 2024

Our view on curves globally has not changed much. We continue to prefer steepeners as we expect continued central bank easing in combination with a rise in the term premium. The latter should result from continued central bank balance sheet reduction, a more uncertain fiscal and issuance outlook and higher inflation uncertainty than in the 2010-2020 decade.

Fixed income asset allocation

- US exceptionalism
- Distressed debt joins the rally
- No immediate floor seen in swap spreads

Credit markets: Entering late cycle

Credit markets have rebounded impressively after a somewhat skittish summer, shifting decisively into risk-on mode. Risk assets, including some highly speculative categories, are showing strong returns. Moreover, the latest Conference Board survey shows that US households have never been more confident that equities are likely to go higher over the coming 12 months – an impressive feat considering this survey has been running since 1987.

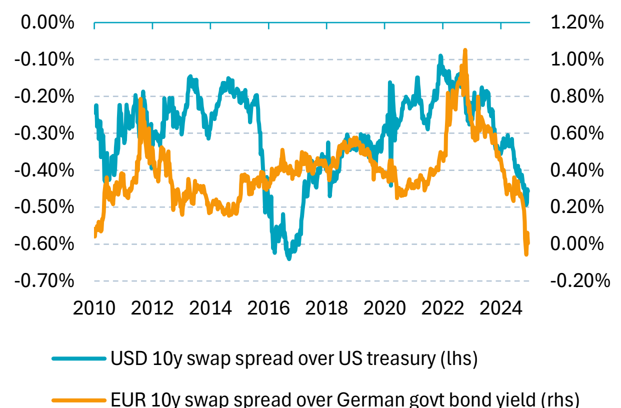
With the US elections now behind us, we are entering the 12th consecutive month in which USD investment grade (IG) spreads are below 100 bps. The persistence in low spreads and low spread volatility highlights the markets' confidence in US exceptionalism. This is also reflected by the fact that USD spreads are significantly below their Euro counterparts. For IG bonds the gap has widened to 25 bps, in high yield (HY) it is around 50 bps. These levels are meaningful, since they run contrary to market fundamentals. The Euro IG market has a shorter maturity, of around 5 years versus 11 in USD, while consisting of a similar rating composition. The last time the valuation gap[2] was so stretched, Europe was facing an energy crisis and the war in Ukraine had just broken out. To us it continues to make sense to overweight Euro relative to USD credit in portfolios where possible.

Animal spirits have also crept into the distressed parts of the HY market. Year to date, around 15% of the excess returns are coming from the distressed part of the index. As is often argued by our colleagues from the credit team; over the full credit cycle, distressed debt is an unattractive asset class.

Stretched valuations alone are not enough to warrant underweights – in the 1990s spreads stayed anchored close to current levels for over seven years in investment grade markets. They do however point to lower expected excess returns in the future, meaning one should be cautious with extended risk positions.

Swap spreads continue to tighten globally as government bonds have cheapened versus swap rates. Quantitative tightening is in full swing, collateral is abundant and excess liquidity is drained. Moreover, while corporates have decreased leverage since the pre-GFC peak, most DM governments continue to run considerable budget deficits, creating new highs in government debt/GDP ratios. In Euro markets in particular, the long end (10+ years) has cheapened the most versus swaps. This could well be related to pension funds receiving flows, targeted at longer maturities. For now, we do not see an immediate floor to where long-end swap spreads will settle, therefore we continue to run receiver positions. We did take profits in some overweight SSAs and covered bonds by reducing exposure, making room for the supply coming in the beginning of next year.

Figure 5 – US and Eurozone swap spreads



Source: Bloomberg, December 2024

In terms of positioning we are marginally overweight spread risk, through SSAs and covered bonds, and we are flat in corporate credit exposure. We seek to add shorter-maturity credit over the coming quarter, if spreads remain rangebound, in order to benefit from a more attractive carry profile while we wait for valuations to improve.

Peripheral bonds: France is Europe's weakest link

Prospects for peripheral markets are quite favorable for next year. GDP growth in southern countries is stronger than in the north, debt/GDP ratios are on a downward trajectory and the ECB will continue to gradually loosen monetary policy. This means maturing debt can be rolled over at relatively low yields, keeping a lid on debt service costs. On the political front it is also relatively quiet; Meloni, the Prime Minister of Italy, sits firmly in her seat with the opposition completely scattered, which could result in her becoming the longest seated PM since Berlusconi.

The economies of Spain, Portugal and Greece have fared even better and are becoming the poster children of the post-Covid recovery, helped by a boom in tourism and

2 Hereby we mean the ratio of USD/EUR credit spreads

construction. The negative outlier this time is France, with a cabinet that has been sent home, a completely divided electorate, quickly rising debt and high deficits. Although President Macron has announced he will propose a new candidate for prime minister soon, he/she will face the same budget difficulties as Barnier did, meaning tough choices are still needed to either cut government spending in areas like pensions, or increase taxes. A sustainable solution seems unlikely. The best outcome markets can hope for is a temporary solution based on the previous budget. New elections after the summer of 2025 bring the risk that the far left and far right remain the two biggest blocks, and the current political stalemate drags on.

Spreads of government bonds have reflected this diversion between the 'old' peripheral countries and France, with Spanish and Portuguese yields now well below those of France across the curve. Up to 7-year maturities even Greek yields are now trading below French yields. Rating upgrades could be in store for all three countries next year. We expect rating agencies to be more critical toward France and if the fiscal outlook deteriorates markedly, OATs could be downgraded to below AA-. This means some forced selling could put additional pressure on the spreads of French bonds. We continue to be overweight Spanish and Greek debt and will use any uptick in spreads to further increase positions, while we remain underweight France. Although some temporary relief rallies in OATs can occur, we expect them to be short-lived, meaning we intend to use them to further increase underweight positions.

EM debt: Welcome to the Jungle

Novel restructurings, such as Sri Lanka's introduction of macro-linked bonds, stresses the importance of fundamental analysis. Nonetheless, with high yield sovereign issuers still offering double-digit yields and markets retaining confidence in continued easing from the Fed, one suspects demand will remain robust, grinding spreads tighter.

In the investment grade space, the ongoing lack of sovereign issuance, combined with significant private sector USD accumulation, suggests that spreads should tighten further. This is particularly true for Asian IG sovereigns, where bank Asset-Liability Management (ALM) desks need to invest USD foreign currency deposits in markets.

More broadly, the continued improvement in the Eurozone's net external debt position points to additional private sector demand for high-quality liquid assets. The combination of the above trends suggests strong technical support for further erosion of term premia, which drives hard-currency credit spreads.

In the local currency space, the nascent emergence of policy divergence with the US, as well as within the EM space, points to growing opportunities.

Resurgent inflation pressure as well as political tensions has dampened Brazil's allure. The confluence of domestic politics, falling oil prices and the enduring migration tensions with its northern neighbor have weighed heavily on both Mexican growth prospects, the peso and, by extension, upside fears to inflation. In both cases, these prior market darlings are much less appetizing for investors from a duration standpoint at the current juncture. This, in turn, should produce better levels to re-build overweight positions over time.

In CEE, we anticipate the grind lower in Eurozone yields on spluttering growth and softening inflation pressure will filter through, opening the door for some, such as Czechia and Poland, to both entertain further policy easing.

In Asia, central bank paradigms are likely to dictate duration and curve outcomes. Recent political tumult suggests Bank of Korea must shoulder a greater burden to revive domestic demand in the near term, pointing to deeper easing than what is priced in. Indonesia and Malaysia, by contrast, are constrained by heightened sensitivity to moves in their USD-crosses, pushing back any expectations of easing. Proposed changes at Bank of Thailand may produce a more accommodative policy stance, but as in China, sustained central government fiscal support is needed. Until then, yields will likely continue grinding lower still.

Markets such as South Africa and Turkey, while showing incremental policy improvements, remain tactical trading markets.

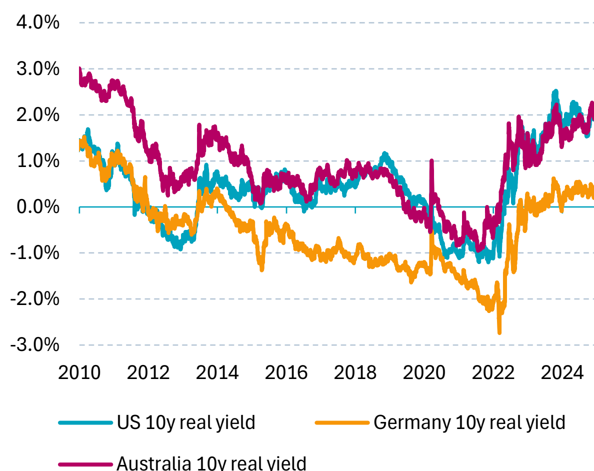
FX: It's getting real out there

With US election uncertainty now in the rearview mirror, FX markets have begun to digest the implications. Unusual cabinet appointments and tariff threats have already emerged and created uncertainty. Marginal improvements in US economic data and dimming hopes of deeper Fed easing, have been met by sliding growth prospects for Europe and China that suggest those central banks face a more urgent need to act. This has produced expectations of widening policy rate differentials leading to an ever-strengthening USD.

Europe's mounting political and fiscal woes, amid a more somber economic environment, suggests real rate differentials are destined to favor the USD, weighing down the EUR. Admittedly, an increase in risk premia, as has been

the case for France, may narrow those gaps but is unlikely to prove supportive of the EUR.

Figure 6 – Real yields in US, German and Australian inflation-linked bonds



Source: Bloomberg, December 2024

Australian and New Zealand real yields look abnormally high, especially given the subdued Chinese growth outlook. As such, the 10-year real yield rate differential should move in favor of the USD. Of the two, the Australian dollar looks better placed to hold its ground.

Asian currencies are likely to remain under strain given the upward pressures on funding costs, weakening European and Chinese growth outlooks and narrowing rate differentials, despite a seasonally supportive period for the current account in Q1 2025. The Malaysian ringgit may be among the most vulnerable in the region given the weak short-term external debt coverage and the central bank's large-net short in FX forwards. The Indian rupee is also showing similarly worrying signs as the reserve bank has built up a USD 60 bln short in the FX forwards amid sustained equity portfolio outflows and efforts to run a quasi-peg.

Major Latin American and Central European FX look most vulnerable. While the Mexican peso's key risks stem from its northern neighbor and concerning political reforms, an increasingly dovish Banxico should not be discounted. Meanwhile, for the Brazilian real, weakening domestic growth prospects, escalating fiscal quarrels, already high real yields and poor harvests for several key crops are likely to remain a hefty drag.

Table 1 – Asset class preferences

	Constructive	Neutral	Cautious
Bunds	✓		
US Treasuries	✓		
JGBs			✓
Euro periphery	✓		
EM local		✓	
IG credit			✓
HY credit			✓
SSA	✓		
Swap spreads	✓		

Source: Robeco, December 2024

We wish to thank David Hauner (Bofa), Arnaud Marès (Citi) and Arend Kapteyn (UBS) for contributing to our quarterly outlook meetings.

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Additional information for investors with residence or seat in Canada

No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the securities described herein, and any representation to the contrary is an offence. Robeco Institutional Asset Management B.V. relies on the international dealer and international adviser exemption in Quebec and has appointed McCarthy Tétrault LLP as its agent for service in Quebec.

Additional information for investors with residence or seat in the Republic of Chile

Neither Robeco nor the Funds have been registered with the *Comisión para el Mercado Financiero* pursuant to Law no. 18.045, the *Ley de Mercado de Valores* and regulations thereunder. This document does not constitute an offer of or an invitation to subscribe for or purchase shares of the Funds in the Republic of Chile, other than to the specific person who individually requested this information on their own initiative. This may therefore be treated as a "private offering" within the meaning of Article 4 of the *Ley de Mercado de Valores* (an offer that is not addressed to the public at large or to a certain sector or specific group of the public).

Additional information for investors with residence or seat in Colombia

This document does not constitute a public offer in the Republic of Colombia. The offer of the fund is addressed to less than one hundred specifically identified investors. The fund may not be promoted or marketed in Colombia or to Colombian residents, unless such promotion and marketing is made in compliance with Decree 2555 of 2010 and other applicable rules and regulations related to the promotion of foreign funds in Colombia. The distribution of this Prospectus and the offering of Shares may be restricted in certain jurisdictions. The information contained in this Prospectus is for general guidance only, and it is the responsibility of any person or persons in possession of this Prospectus and wishing to make application for Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves of any applicable legal requirements, exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile

Additional information for investors with residence or seat in the Dubai International Financial Centre (DIFC), United Arab Emirates

This material is distributed by Robeco Institutional Asset Management B.V. (DIFC Branch) located at Office 209, Level 2, Gate Village Building 7, Dubai International Financial Centre, Dubai, PO Box 482060, UAE. Robeco Institutional Asset Management B.V. (DIFC Branch) is regulated by the Dubai Financial Services Authority ("DFSA") and only deals with Professional Clients or Market Counterparties and does not deal with Retail Clients as defined by the DFSA.

Additional information for investors with residence or seat in France

Robeco Institutional Asset Management B.V. is at liberty to provide services in France. Robeco France is a subsidiary of Robeco whose business is based on the promotion and distribution of the group's funds to professional investors in France.

Additional information for investors with residence or seat in Germany

This information is solely intended for professional investors or eligible counterparties in the meaning of the German Securities Trading Act.

Additional information for investors with residence or seat in Hong Kong

The contents of this document have not been reviewed by the Securities and Futures Commission ("SFC") in Hong Kong. If there is any doubt about any of the contents of this document, independent professional advice should be obtained. This document has been distributed by Robeco Hong Kong Limited ("Robeco"). Robeco is regulated by the SFC in Hong Kong.

Additional information for investors with residence or seat in Indonesia

The Prospectus does not constitute an offer to sell nor a solicitation to buy securities in Indonesia.

Additional information for investors with residence or seat in Italy

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Additional information for investors with residence or seat in Japan

This document is considered for use solely by qualified investors and is distributed by Robeco Japan Company Limited, registered in Japan as a Financial Instruments Business Operator, [registered No. the Director of Kanto Local Financial Bureau (Financial Instruments Business Operator), No.2780, Member of Japan Investment Advisors Association].

Additional information for investors with residence or seat in South Korea

The Management Company is not making any representation with respect to the eligibility of any recipients of the Prospectus to acquire the Shares therein under the laws of South Korea, including but not limited to the Foreign Exchange Transaction Act and Regulations thereunder. The Shares have not been registered under the Financial Investment Services and Capital Markets Act of Korea, and none of the Shares may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in South Korea or to any resident of South Korea except pursuant to applicable laws and regulations of South Korea.

Additional information for investors with residence or seat in Liechtenstein

This document is exclusively distributed to Liechtenstein-based, duly licensed financial intermediaries (such as banks, discretionary portfolio managers, insurance companies, fund of funds) which do not intend to invest on their own account into Fund(s) displayed in the document. This material is distributed by Robeco Switzerland Ltd, postal address: Josefstrasse 218, 8005 Zurich, Switzerland. LGT Bank Ltd., Herrengasse 12, FL-9490 Vaduz, Liechtenstein acts as the representative and paying agent in Liechtenstein. The prospectus, the Key Information Documents (PRIIP)the articles of association, the annual and semi-annual reports of the Fund(s) may be obtained from the representative or via the website.

Additional information for investors with residence or seat in Malaysia

Generally, no offer or sale of the Shares is permitted in Malaysia unless where a Recognition Exemption or the Prospectus Exemption applies: NO ACTION HAS BEEN, OR WILL BE, TAKEN TO COMPLY WITH MALAYSIAN LAWS FOR MAKING AVAILABLE, OFFERING FOR SUBSCRIPTION OR PURCHASE, OR ISSUING ANY INVITATION TO SUBSCRIBE FOR OR PURCHASE OR SALE OF THE SHARES IN MALAYSIA OR TO PERSONS IN MALAYSIA AS THE SHARES ARE NOT INTENDED BY THE ISSUER TO BE MADE AVAILABLE, OR MADE THE SUBJECT OF ANY OFFER OR INVITATION TO SUBSCRIBE OR PURCHASE, IN MALAYSIA. NEITHER THIS DOCUMENT NOR ANY DOCUMENT OR OTHER MATERIAL IN CONNECTION WITH THE SHARES SHOULD BE DISTRIBUTED, CAUSED TO BE DISTRIBUTED OR CIRCULATED IN MALAYSIA. NO PERSON SHOULD MAKE AVAILABLE OR MAKE ANY INVITATION OR OFFER OR INVITATION TO SELL OR PURCHASE THE SHARES IN MALAYSIA UNLESS SUCH PERSON TAKES THE NECESSARY ACTION TO COMPLY WITH MALAYSIAN LAWS.

Additional information for investors with residence or seat in Mexico

The funds have not been and will not be registered with the National Registry of Securities or maintained by the Mexican National Banking and Securities Commission and, as a result, may not be offered or sold publicly in Mexico. Robeco and any underwriter or purchaser may offer and sell the funds in Mexico on a private placement basis to Institutional and Accredited Investors, pursuant to Article 8 of the Mexican Securities Market Law.

Additional information for investors with residence or seat in Peru

The Superintendencia del Mercado de Valores (SMV) does not exercise any supervision over this Fund and therefore the management of it. The information the Fund provides to its investors and the other services it provides to them are the sole responsibility of the Administrator. This Prospectus is not for public distribution.

Additional information for investors with residence or seat in Singapore

This document has not been registered with the Monetary Authority of Singapore ("MAS"). Accordingly, this document may not be circulated or distributed directly or indirectly to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. The contents of this document have not been reviewed by the MAS. Any decision to participate in the Fund should be made only after reviewing the sections regarding investment considerations, conflicts of interest, risk factors and the relevant Singapore selling restrictions (as described in the section entitled "Important information for Singapore Investors") contained in the prospectus. Investors should consult their professional adviser if you are in doubt about the stringent restrictions applicable to the use of this document, regulatory status of the Fund, applicable regulatory protection, associated risks and suitability of the Fund to your objectives. Investors should note that only the Sub-Funds listed in the appendix to the section entitled "Important information for Singapore Investors" of the prospectus ("Sub-Funds") are available to Singapore investors. The Sub-Funds are notified as restricted foreign schemes under the Securities and Futures Act, Chapter 289 of Singapore ("SFA") and invoke the exemptions from compliance with prospectus registration requirements pursuant to the exemptions under Section 304 and Section 305 of the SFA. The Sub-Funds are not authorized or recognized by the MAS and shares in the Sub-Funds are not allowed to be offered to the retail public in Singapore. The prospectus of the Fund is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply. The Sub-Funds may only be promoted exclusively to persons who are sufficiently experienced and sophisticated to understand the risks involved in investing in such schemes, and who satisfy certain other criteria provided under Section 304, Section 305 or any other applicable provision of the SFA and the subsidiary legislation enacted thereunder. You should consider carefully whether the investment is suitable for you. Robeco Singapore Private Limited holds a capital markets services license for fund management issued by the MAS and is subject to certain clientele restrictions under such license.

Additional information for investors with residence or seat in Spain

Robeco Institutional Asset Management B.V., Sucursal en España with identification number W0032687F and having its registered office in Madrid at Calle Serrano 47-14º, is registered with the Spanish Commercial Registry in Madrid, in volume 19.957, page 190, section 8, sheet M-351927 and with the National Securities Market Commission (CNMV) in the Official Register of branches of European investment services companies, under number 24. The investment funds or SICAV mentioned in this document are regulated by the corresponding authorities of their country of origin and are registered in the Special Registry of the CNMV of Foreign Collective Investment Institutions marketed in Spain.

Additional information for investors with residence or seat in South Africa

Robeco Institutional Asset Management B.V. is registered and regulated by the Financial Sector Conduct Authority in South Africa.

Additional information for investors with residence or seat in Switzerland

The Fund(s) are domiciled in Luxembourg. This document is exclusively distributed in Switzerland to qualified investors as defined in the Swiss Collective Investment Schemes Act (CISA). This material is distributed by Robeco Switzerland Ltd, postal address: Josefstrasse 218, 8005 Zurich. ACOLIN Fund Services AG, postal address: Leutschenbachstrasse 50, 8050 Zürich, acts as the Swiss representative of the Fund(s). UBS Switzerland AG, Bahnhofstrasse 45, 8001 Zurich, postal address: Europastrasse 2, P.O. Box, CH-8152 Opfikon, acts as the Swiss paying agent. The prospectus, the Key Information Documents (PRIIP), the articles of association, the annual and semi-annual reports of the Fund(s), as well as the list of the purchases and sales which the Fund(s) has undertaken during the financial year, may be obtained, on simple request and free of charge, at the office of the Swiss representative ACOLIN Fund Services AG. The prospectuses are also available via the website.

Additional information for investors with residence or seat in Taiwan

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. This document has been distributed by Robeco Hong Kong Limited ("Robeco"). Robeco is regulated by the Securities and Futures Commission in Hong Kong.

Additional information for investors with residence or seat in Thailand

The Prospectus has not been approved by the Securities and Exchange Commission which takes no responsibility for its contents. No offer to the public to purchase the Shares will be made in Thailand and the Prospectus is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

Additional information for investors with residence or seat in the United Arab Emirates

Some Funds referred to in this marketing material have been registered with the UAE Securities and Commodities Authority ("the Authority"). Details of all Registered Funds can be found on the Authority's website. The Authority assumes no liability for the accuracy of the information set out in this material/document, nor for the failure of any persons engaged in the investment Fund in performing their duties and responsibilities.

Additional information for investors with residence or seat in the United Kingdom

Robeco Institutional Asset Management B.V (FRN: 977582) is authorized and regulated by the Financial Conduct Authority.

Additional information for investors with residence or seat in Uruguay

The sale of the Fund qualifies as a private placement pursuant to section 2 of Uruguayan law 18,627. The Fund must not be offered or sold to the public in Uruguay, except under circumstances which do not constitute a public offering or distribution under Uruguayan laws and regulations. The Fund is not and will not be registered with the Financial Services Superintendency of the Central Bank of Uruguay. The Fund corresponds to investment funds that are not investment funds regulated by Uruguayan law 16,774 dated 27 September 1996, as amended.

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